

ASSEMBLY BILL

No. 2778

**Introduced by Committee on Insurance (Solorio (Chair), Blakeslee
(Vice Chair), Anderson, Carter, Hagman, Nava, and Niello)**

March 1, 2010

An act to amend Section 3254 of the Unemployment Insurance Code, relating to unemployment insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2778, as introduced, Committee on Insurance. Unemployment insurance.

Existing law provides for the payment of disability compensation for the wage loss sustained by an individual unemployed because of sickness or injury, and finances that compensation by means of employee contributions at specified rates to the Disability Fund. Existing law requires the Director of Employment Development to approve any voluntary plan, subject to specified exceptions, for disability if the director finds that there is at least one employee and that specified requirements are met, including, among other things, that the plan will be in effect for a period of not less than one year, and, thereafter, continuously unless the director finds that the employer or a majority of its employees employed in the state covered by the plan have given notice of withdrawal from the plan. The notice is required to be filed with the director and is effective only on the anniversary of the effective date of the plan next following the filing of the notice, but in any event not less than 30 days from the time of the filing of the notice, except as provided.

This bill would extend from 30 to 60 days the time for filing the above-described notice of withdrawal from the plan.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 3254 of the Unemployment Insurance
2 Code is amended to read:
- 3 3254. The Director of Employment Development shall approve
4 any voluntary plan, except one filed pursuant to Section 3255, as
5 to which he or she finds that there is at least one employee in
6 employment and all of the following exist:
- 7 (a) The rights afforded to the covered employees are greater
8 than those provided for in Chapter 2 (commencing with Section
9 2625), including those provided for in Chapter 7 (commencing
10 with Section 3300).
- 11 (b) The plan has been made available to all of the employees
12 of the employer employed in this state or to all employees at any
13 one distinct, separate establishment maintained by the employer
14 in this state. "Employees" as used in this subdivision includes
15 those individuals in partial or other forms of short-time
16 employment and employees not in employment as the Director of
17 Employment Development shall prescribe by authorized
18 regulations.
- 19 (c) A majority of the employees of the employer employed in
20 this state or a majority of the employees employed at any one
21 distinct, separate establishment maintained by the employer in this
22 state have consented to the plan.
- 23 (d) If the plan provides for insurance the form of the insurance
24 policies to be issued have been approved by the Insurance
25 Commissioner and are to be issued by an admitted disability
26 insurer.
- 27 (e) The employer has consented to the plan and has agreed to
28 make the payroll deductions required, if any, and transmit the
29 proceeds to the plan insurer, if any.
- 30 (f) The plan provides for the inclusion of future employees.
- 31 (g) The plan will be in effect for a period of not less than one
32 year and, thereafter, continuously unless the Director of
33 Employment Development finds that the employer or a majority
34 of its employees employed in this state covered by the plan have
35 given notice of withdrawal from the plan. The notice shall be filed

1 in writing with the Director of Employment Development and
2 shall be effective only on the anniversary of the effective date of
3 the plan next following the filing of the notice, but in any event
4 not less than 30 days from the time of the filing of the notice;
5 except that the plan may be withdrawn on the operative date of
6 any law increasing the benefit amounts provided by Sections 2653
7 and 2655 or the operative date of any change in the rate of worker
8 contributions as determined by Section 984, if notice of the
9 withdrawal from the plan is transmitted to the Director of
10 Employment Development not less than ~~30~~ 60 days prior to the
11 operative date of that law or change. If the plan is not withdrawn
12 on the ~~30~~ 60 days' notice because of the enactment of a law
13 increasing benefits or because of a change in the rate of worker
14 contributions as determined by Section 984, the plan shall be
15 amended to conform to that increase or change on the operative
16 date of the increase or change.

17 (h) The amount of deductions from the wages of an employee
18 in effect for any plan shall not be increased on other than an
19 anniversary of the effective date of the plan except to the extent
20 that any increase in the deductions from the wages of an employee
21 allowed by Section 3260 permits that amount to exceed the amount
22 of deductions in effect.

23 (i) The approval of the plan or plans will not result in a
24 substantial selection of risks adverse to the Disability Fund.